



## **Request for City Council Committee Action From the Department of Public Works**

Date: June 27, 2002

To: Transportation and Public Works Committee

Referral to: Ways and Means/Budget Committee

**Subject:** Sale of City Property at 2935 Aldrich Ave S. (Aldrich Municipal Parking Lot) to Village Green Residential Properties for residential development purposes.

### **Recommendation:**

That your committee recommends approval of the sale of City Property located at 2935 Aldrich Ave S. to Village Green Residential Properties for the purchase price of \$663,000. That the authority to enter into and execute a purchase agreement and all associated documents for the land legally described as Lots 7 to 11 inclusive and south 25' of Lot 12 Block 32, also that part of north 20' of said Lot 12 and of Lot 7 Block 17 described as beginning at southeast corner of north 20' of said Lot 12 then west along south line thereof 62.23 feet then northeasterly to a point on east line of said Lot 7 a distance of 51.9 feet north from southeast corner of north 20 feet of said Lot 12 then south to beginning, Windom's Addition to Minneapolis, Hennepin County, Minnesota.

Property Identification Number 33-029-24-44-0140

### **Previous Directives:**

On December 29 of 2000, The City Council authorized the execution of a development agreement with Village Green Residential Properties, and all related documents required for the sale of City property at 714 W Lake Street (currently referred to as 2935 Aldrich Ave S.), which is known as the Aldrich Municipal Parking Lot. The City Engineer had determined that this parcel is not needed for City purposes except for one-level of public parking within a parking structure, and Village Green had offered to enter into a development agreement with the City, agreeing to pay the City a minimum of \$15 per square foot and construct one level of parking within the structure, owned by the City. The City Assessor determined that this transaction price is the Fair Market Value. Planning Commission approved the sale on December 14, 2000 as being in conformance with Comprehensive Plan and a public hearing was held on December 20, 2000, all in accordance with the Minneapolis Code of Ordinances, Section 14.120. The Permanent Review Committee has also approved the sale.

In the process of preparing the development agreement, it was discovered that the proposed air-rights sale and City ownership of the public parking would put the tax-exempt status of the bonds that were sold in jeopardy, and that another arrangement would need to be developed. Negotiations with the developer and City have resulted in the business terms listed below.

Prepared or Submitted by: Gregory A. Finstad, Director of Transportation and Parking Services, 673-2159

Approved: David J. Sonnenberg, P. E., City Engineer, Director of Public Works

By: Gregory A. Finstad, P.E. \_\_\_\_\_  
Presenters in Committee: Gregory A. Finstad, Director of Transportation and Parking Services

**Financial Impact** (Check those that apply)

☒ No financial impact - or - Action is within current department budget.  
(If checked, go directly to Background/Supporting Information)

☐ Action requires an appropriation increase to the Capital Budget

☐ Action requires an appropriation increase to the Operating Budget

☐ Action provides increased revenue for appropriation increase

☐ Action requires use of contingency or reserves

☐ Other financial impact (Explain):

☐ Request provided to the Budget Office when provided to the Committee Coordinator

**Background/Supporting Information Attached**

The current sale proposal contemplates the City selling the entire parcel to Village Green Residential Properties with the terms listed below:

Property: Aldrich & Lake Municipal Parking Lot (2935 Aldrich Ave S.)

Purchase Price: \$470,000

Loan Repayment: \$193,000 payable in equal annual installments at the current Bond Rate of Interest due on December 1 of each year after closing, and continuing until completely repaid on December 1, 2008.

Good Faith Deposit: \$50,000

Closing Costs: Developer will pay all closing costs. City shall pay State Deed Tax.

Due Diligence Period: 90 days to review. Access prior to closing

- Closing Date: November 1, 2002
- Closing Date Extension: One 120 day extension option
- Development Approvals: City will facilitate all necessary action required to extend the Entitlement sunset provision from June 2003 to June 2005. Height variance up to 4 feet above what current zoning allows. Any other City Council Approvals
- Parking Covenants:
- 1) Village Green will agree to maintain public parking on the first level of the parking garage for a 40 year period. Such parking will be at Market Rates. Market Rate will be defined as "What the Market will Bear".
  - 2) Village Green intends to build approximately 66 parking spaces available for public parking.
  - 3) Village Green will have the ability to operate the parking garage to maximize its profit through the sale of hourly, daily, weekly, or monthly parking to no more than 50% of the parking places at any one time. If the market demand for monthly spaces were ever greater than 50%, than Village Green would have the ability to petition the City for an increased monthly percentage, such approval by the City not to be unreasonably withheld. The City will have the right to petition Village Green to reduce the number of monthly spaces that Village Green can sell as monthly spaces if the demand for hourly parking exceeds the number of spaces available. Village Green will have the right to lease up to 10 spaces of the available monthly spaces to its tenants. The remaining monthly parking spaces will be offered on first come, first serve basis to the general public (including to Village Greens tenants)
  - 4) Plans for the garage are subject to review and approval of the City's Transportation & Parking Services Division, such approval not to be unreasonably withheld.

These terms are consistent with the original terms developed when the City was intended to be the owner of the one-level of parking. The developer has agreed to pay in excess of \$21 per square foot for this parcel, which is above fair market value as determined by a recent appraisal. The City is not providing any financial assistance for this development, and therefore the Affordable Housing Policy is not applicable to this project.

In accordance with Chapter 14.120 of the Minneapolis Code of Ordinance, the City Engineer has determined that the property is not required for City services, and the

Planning Commission and Permanent Review Committee has approved the sale.

Notice of the sale of property was printed in Finance and Commerce on June 16<sup>th</sup>, 2002

And the terms of the sale are available for review by the public.

A public hearing will occur before the Transportation and Public Works Committee on June 27<sup>th</sup> at 9:45 am.

Accordingly, Transportation and Parking Services recommends City Council approval of

The sale of property located at 2935 Aldrich Ave S. (Aldrich Municipal Parking Lot) per the terms listed above.

In addition, if the City Council approves the sale of the above listed parcel to Village Green Residential Properties, it will result in a remaining parcel with 10 parking spaces along one of the adjacent commercial properties. The City would like to have authority to negotiate the sale of this remaining parcel for the same price that Village Green is paying, due to the fact that having to operate a 10 space parking lot would not be in the City's best interests.